

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO 1, CANADA

SEMI-ANNUAL REPORT

June 17, 1970.

**TO THE SHAREHOLDERS OF
ARGUS CORPORATION LIMITED**

Your directors present the balance sheet as at May 31, 1970, the statement of income and expenses and the statement of source and application of funds for the six months' period ended on that date. Also shown are comparative figures for the previous year.

As at May 31, 1970, the indicated net asset value of each of the Company's Class C shares and common shares was \$13.69 per share, compared with \$20.41 per share as at May 31, 1969.

Income from investments during the period amounted to \$4,191,746 compared to \$4,158,227 in the corresponding period last year. Expenses (including interest of \$275,000) were \$446,730 compared to \$387,801 (including interest of \$275,000) for the same period in the previous year. Net income amounted to \$3,739,016 which compared with \$3,562,426 for the six months ended May 31, 1969. In addition to the regular dividends on the Company's Class A and Class B Preference Shares, quarterly dividends of 15¢ per share on the Class C and the common shares were paid during the period. Earned surplus increased by \$391,826 during the six months covered by the report and amounted to \$35,724,197 at May 31, 1970.

Since November 30, 1969, 1,320 Class A Preference Shares \$2.50 Series and 1,435 Class A Preference Shares \$2.60 Series were purchased and cancelled.

In March, 1970, Standard Broadcasting Corporation Limited increased the annual dividend rate on its common shares from 20¢ to 24¢ per share. Domtar Limited recently declared an extra dividend of 10¢ per share along with the regular quarterly dividend of 15¢ per common share payable August 1, 1970.

Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

Submitted on behalf of the Board,

E. P. TAYLOR,
Chairman.

JOHN A. McDOUGALD,
President.

JOHN A. McDOUGALD, Director

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	THOMAS G. MCCORMACK	Toronto
*T. N. BEAUPRÉ	Montreal	*JOHN A. MCDUGALD	Toronto
*GEORGE M. BLACK, JR.	Toronto	D. A. MCINTOSH, Q.C.	Toronto
H. J. CARMICHAEL	Toronto	ALLEN A. McMARTIN	Bermuda
W. C. THORNTON CRAN	Toronto	*MAXWELL C. G. MEIGHEN	Toronto
*A. L. FAIRLEY, JR.	Montreal	J. N. SWINDEN	Toronto
P. M. FOX	Montreal	*E. P. TAYLOR	Bahama Islands
*A. BRUCE MATTHEWS	Toronto	ALBERT A. THORNBROUGH	Toronto

*Members of the Executive Committee

OFFICERS

<i>Chairman of the Board</i>	E. P. TAYLOR
<i>President</i>	JOHN A. MCDUGALD
<i>Executive Vice-President</i>	A. BRUCE MATTHEWS
<i>Vice-President and Chairman of the Executive Committee</i> .	MAXWELL C. G. MEIGHEN
<i>Vice-President</i>	GEORGE M. BLACK, JR.
<i>General Manager</i>	J. N. SWINDEN
<i>Secretary</i>	H. H. EDMISON
<i>Treasurer</i>	J. R. WRIGHT, C.A.

ARGUS CORPORATION LIMITED

STATEMENT OF EARNED SURPLUS FOR THE SIX MONTHS ENDED MAY 31, 1970 *(with comparative figures for the six months ended May 31, 1969)*

	1970	1969
Balance at beginning of period	\$ 35,332,371	\$ 34,592,630
Net income for the period	3,739,016	3,562,426
	<u>39,071,387</u>	<u>38,155,056</u>
Dividends:		
Class A Preference Shares \$2.50 Series	156,031	159,331
Class A Preference Shares \$2.60 Series	247,100	250,370
Class B Preference Shares 1962 Series	405,005	405,005
Class C Participating Preference Shares	2,031,243	1,895,826
Common Shares	507,811	473,957
	<u>3,347,190</u>	<u>3,184,489</u>
Balance at end of period	<u>\$ 35,724,197</u>	<u>\$ 34,970,567</u>

STATEMENT OF INCOME AND EXPENSES FOR THE SIX MONTHS ENDED MAY 31, 1970 *(with comparative figures for the six months ended May 31, 1969)*

	1970	1969
Income:		
Dividends received	\$ 4,140,622	\$ 3,672,585
Interest earned	51,124	485,642
	<u>4,191,746</u>	<u>4,158,227</u>
Expenses:		
Salaries of officers and employees	76,190	37,847
Directors' fees	4,500	5,000
Transfer agents' and registrars' fees and expenses	25,764	27,287
General office and administrative expenses	65,276	42,667
Interest on Secured Notes	275,000	275,000
	<u>446,730</u>	<u>387,801</u>
Income from operations	3,745,016	3,770,426
Income taxes	6,000	208,000
Net income for the period	<u>\$ 3,739,016</u>	<u>\$ 3,562,426</u>

AUDITORS' REPORT

To the Directors of
ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at May 31, 1970 and the statements of earned surplus, income and expenses and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at May 31, 1970 and the results of its operations and the source and application of its funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, June 5, 1970.

PRICE WATERHOUSE & Co.,
Chartered Accountants.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED MAY 31, 1970

(with comparative figures for the six months ended May 31, 1969)

	1970	1969
Cash in banks and short term securities at beginning of period	\$ 1,647,351	\$ 23,564,517
Source of funds:		
Net income for the period	3,739,016	3,562,426
Other	14,545	—
	<u>\$ 5,400,912</u>	<u>\$ 27,126,943</u>
Application of funds:		
Dividends paid	\$ 3,347,190	\$ 3,184,489
Purchase of investments	—	16,732,979
Purchase for cancellation of Class A Preference Shares	95,732	108,390
Decrease in income taxes payable	318	287,455
Other	—	16,406
	<u>3,443,240</u>	<u>20,329,719</u>
Cash in banks and short term securities at end of period	<u>1,957,672</u>	<u>6,797,224</u>
	<u>\$ 5,400,912</u>	<u>\$ 27,126,943</u>

SCHEDULE OF SECURITIES AS AT MAY 31, 1970

(with comparative figures as at May 31, 1969)

Company	Class of shares	1970			1969	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited	Common	500,000	13.4%	\$ 12,250,000	500,000	\$ 18,500,000
Dominion Stores Limited . . .	Common	2,000,000	24.8%	25,250,000	2,000,000	30,000,000
Domtar Limited	Common	2,500,000	16.9%	35,000,000	2,500,000	38,750,000
Hollinger Mines Limited . . .	Common	1,000,000	20.3%	27,250,000	1,000,000	35,500,000
Massey-Ferguson Limited . . .	Common	2,850,000	15.7%	31,350,000	2,600,000	49,400,000
Standard Broadcasting Corporation Limited	Common	2,687,475	48.0%	24,187,275	2,687,475	35,609,044
				<u>\$155,287,275</u>		<u>\$207,759,044</u>

NOTE:

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at May 31. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO 1, CANADA

*file***ANNUAL REPORT**

December 17, 1970.

TO THE SHAREHOLDERS OF

ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at November 30, 1970, the statement of income and expenses and the statement of source and application of funds for the year ended on that date. Also shown are comparative figures for the previous year.

As at November 30, 1970, the indicated net asset value of each of the Company's Class C shares and common shares was \$14.26 per share, compared with \$18.54 per share as at November 30, 1969.

Income from investments during the period amounted to \$8,776,643 compared to \$8,254,729 in the previous year. Expenses (including interest of \$550,000) were \$857,536 compared to \$786,041 (including interest of \$550,000) for the previous year. Net income amounted to \$7,905,007 which compared with \$7,274,688 for the year ended November 30, 1969. Earnings on the Class C and common shares amounted to 74.3¢ per share, compared to 66.7¢ per share in the previous year. Dividends of 60¢ per share were paid on the Class C and the common shares during the year.

Earned surplus increased by \$1,214,219 during the year and amounted to \$36,546,590 at November 30, 1970.

Standard Broadcasting Corporation Limited in March, 1970, increased the annual dividend rate on its common shares from 20¢ to 24¢ per share. In August, 1970, both Domtar Limited and Hollinger Mines Limited paid extra dividends of 10¢ per share, along with the regular quarterly dividends of 15¢ per share and 35¢ per share, respectively.

Purchased and cancelled during the year were 2,610 Class A Preference Shares \$2.50 Series and 2,900 Class A Preference Shares \$2.60 Series.

Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

The Annual Meeting of the Company will be held on March 10, 1971, in the Board Room, National Trust Company, Limited, Toronto, Canada, at 12:00 o'clock noon. A formal notice of meeting, together with form of proxy and information circular will be mailed to each common shareholder in January, 1971. This procedure is necessary in order to comply with the Business Corporations Act, 1970 (Ontario), the proclamation of which is anticipated shortly, and which requires that the aforementioned documents be mailed to the common shareholders not more than 50 days prior to the date of the annual meeting.

Submitted on behalf of the Board,

E. P. TAYLOR,
Chairman.

JOHN A. McDOUGALD,
President.

ARGUS CORPORATION LIMITED

BALANCE SHEET—NOVEMBER 30, 1970

(with comparative figures at November 30, 1969)

	ASSETS	1970	1969
INVESTMENTS IN COMMON SHARES:			
Securities having a quoted market value, at cost.....		\$102,518,442	\$102,518,442
(value based on market quotations as at—			
November 30, 1970—\$159,304,409			
November 30, 1969—\$196,812,175)			
CASH IN BANKS.....		72,057	73,914
SHORT TERM SECURITIES, at cost plus accrued interest.....		2,651,883	1,573,437
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES.....		432,500	416,200
OTHER ASSETS.....		140,118	207,737
HEAD OFFICE PREMISES—land, buildings and furnishings, at nominal value.....		1	1
		<u>\$105,815,001</u>	<u>\$104,789,731</u>

LIABILITIES

DIVIDENDS PAYABLE.....	\$ 1,269,527	\$ 1,269,527
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES.....	73,876	72,974
INCOME TAXES PAYABLE.....	123	4,586
5½% SECURED NOTES SERIES C, due November 1, 1975.....	10,000,000	10,000,000

CAPITAL AND SURPLUS:

Capital stock (Notes 1 and 2)—

Number of shares				
Authorized	Issued			
310,657		Class A Preference—		
	122,920	\$2.50 Series.....	6,146,000	6,276,500
	187,737	\$2.60 Series.....	9,386,850	9,531,850
1,000,000		Class B Preference—		
	300,000	Cumulative, 1962 Series (\$2.70 Dividend).....	15,000,000	15,000,000
6,770,944	6,770,944	Class C Participating Non-Voting Preference.....	21,644,825	21,644,825
10,000,000	1,692,736	Common.....	5,411,206	5,411,206
			57,588,881	57,864,381
Contributed surplus, realized on purchase for cancellation of Preference Shares (including \$90,112 arising during the year ended November 30, 1970).....			336,004	245,892
Earnings surplus.....			36,546,590	35,332,371
			94,471,475	93,442,644
			\$105,815,001	\$104,789,731

NOTES:

- (1) The Class A and Class B Preference Shares have a par value of \$50 each and are issuable in series; the Class C Preference Shares and the Common Shares are without par value.
The issued Class A and Class B Preference Shares carry cumulative dividends and are redeemable at \$52.50 per share and accrued dividends.
The Class C Preference Shares, subject to the prior rights of the Class A and Class B Preference Shares, participate equally with the Common Shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C Preference Share and Common Share and (ii) any distribution of assets.
- (2) During the year ended November 30, 1970, 2,610 Class A Preference Shares \$2.50 Series and 2,900 Class A Preference Shares \$2.60 Series were purchased and cancelled.

APPROVED ON BEHALF OF THE BOARD:

E. P. TAYLOR, Director

JOHN A. McDOUGALD, Director

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

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P. M. FOX	Bermuda	*E. P. TAYLOR	Bahama Islands
*A. BRUCE MATTHEWS	Toronto	ALBERT A. THORNBROUGH	Toronto

*Members of the Executive Committee

OFFICERS

<i>Chairman of the Board</i>	E. P. TAYLOR
<i>President</i>	JOHN A. McDUGALD
<i>Executive Vice-President</i>	A. BRUCE MATTHEWS
<i>Vice-President and Chairman of the Executive Committee</i>	MAXWELL C. G. MEIGHEN
<i>Vice-President</i>	GEORGE M. BLACK, JR.
<i>General Manager</i>	J. N. SWINDEN
<i>Secretary</i>	H. H. EDMISON
<i>Treasurer</i>	J. R. WRIGHT, C.A.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED NOVEMBER 30, 1970 *(with comparative figures for the year ended November 30, 1969)*

	1970	1969
Balance at beginning of year.....	\$35,332,371	\$34,592,630
Net income for the year.....	7,905,007	7,274,688
	<u>43,237,378</u>	<u>41,867,318</u>
Dividends:		
Class A Preference Shares \$2.50 Series.....	310,637	317,019
Class A Preference Shares \$2.60 Series.....	492,032	499,082
Class B Preference Shares 1962 Series.....	810,010	810,010
Class C Participating Preference Shares.....	4,062,487	3,927,069
Common Shares.....	1,015,622	981,767
	<u>6,690,788</u>	<u>6,534,947</u>
Balance at end of year.....	<u>\$36,546,590</u>	<u>\$35,332,371</u>

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED NOVEMBER 30, 1970 *(with comparative figures for the year ended November 30, 1969)*

	1970	1969
Income:		
Dividends received.....	\$ 8,658,119	\$ 7,723,832
Interest earned.....	118,524	530,897
	<u>8,776,643</u>	<u>8,254,729</u>
Expenses:		
Salaries of officers and employees.....	129,585	81,063
Directors' fees.....	9,000	10,000
Transfer agents' and registrars' fees and expenses.....	48,440	49,350
General office and administrative expenses.....	120,511	95,628
Interest on Secured Notes.....	550,000	550,000
	<u>857,536</u>	<u>786,041</u>
Income from operations.....	7,919,107	7,468,688
Income taxes.....	14,100	194,000
Net income for the year.....	<u>\$ 7,905,007</u>	<u>\$ 7,274,688</u>

A U D I T O R S ' R E P O R T

To the Shareholders of
ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at November 30, 1970 and the statements of earned surplus, income and expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at November 30, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, December 7, 1970

PRICE WATERHOUSE & Co.
Chartered Accountants

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED NOVEMBER 30, 1970

(with comparative figures for the year ended November 30, 1969)

	1970	1969
Cash in banks and short term securities at beginning of year.....	\$ 1,647,351	\$23,564,517
Source of funds:		
Net income for the year.....	7,905,007	7,274,688
Other.....	52,221	—
	<u>\$ 9,604,579</u>	<u>\$30,839,205</u>
Application of funds:		
Dividends paid in the year.....	\$ 6,690,788	\$ 6,450,311
Purchase of investments.....	—	21,969,625
Decrease in income taxes payable.....	4,463	350,964
Purchase for cancellation of Class A Preference Shares.....	185,388	205,581
Other.....	—	215,373
	<u>6,880,639</u>	<u>29,191,854</u>
Cash in banks and short term securities at end of year.....	<u>2,723,940</u>	<u>1,647,351</u>
	<u>\$ 9,604,579</u>	<u>\$30,839,205</u>

SCHEDULE OF SECURITIES AS AT NOVEMBER 30, 1970

(with comparative figures as at November 30, 1969)

Company	Class of shares	1970			1969	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited.....	Common	500,000	13.4%	\$ 11,875,000	500,000	\$ 17,625,000
Dominion Stores Limited.....	Common	2,000,000	24.8%	17,750,000	2,000,000	26,000,000
Domtar Limited.....	Common	2,500,000	16.9%	36,562,500	2,500,000	38,125,000
Hollinger Mines Limited.....	Common	1,000,000	20.3%	36,500,000	1,000,000	30,250,000
Massey-Ferguson Limited.....	Common	2,850,000	15.7%	26,718,750	2,850,000	49,875,000
Standard Broadcasting Corporation Limited.....	Common	2,687,475	47.9%	29,898,159	2,687,475	34,937,175
				<u>\$159,304,409</u>		<u>\$196,812,175</u>

NOTE:

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at November 30. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

